

Message Text

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ACTION ARA-10

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TAGSC EINV, PE

SUBJ: U.S. MOVIE DISTRIBUTORS PROBLEMS WITH GOP

1. EDUARDO MACHTUS, LOCAL WARNER BROTHERS DISTRIBUTOR HERE, HAS APPROACHED EMBASSY SEEKING ASSISTANCE IN RESOLVING SERIOUS PROBLEM WHICH LOCAL DISTRIBUTORS OF U.S. FILMS FACE AS A RESULT OF GOP'S (A) REFUSAL TO PERMIT REMITTANCE OF PROFITS TO HOME OFFICES AND (B) DELAY IN RELEASE OF FILMS FROM PERUVIAN CUSTOMS.

2. ACCORDING TO MACHTUS, GOP HAS HELD UP PROFIT REPATRIATION FOR OVER SIX MONTHS AND THERE APPEARS TO BE LITTLE CHANCE OF REMITTANCES BEING ALLOWED ANYTIME SOON. HE INDICATED THAT RECENT DEVALUATION OF SOL COST U.S. FILM FIRMS ABOUT \$1.4 MILLION BECAUSE OF INABILITY TO REPATRIATE THEIR PROFITS PRIOR TO EXCHANGE RATE CHANGE. CURRENT ESTIMATE OF AMOUNT AWAITING APPROVAL FOR REMITTANCE IS ABOUT \$2 MILLION AND COMPANIES FEAR FURTHER DEVALUATION LATER IN YEAR COULD REDUCE PROFITS STILL MORE. MACHTUS SAID THAT U.S. DISTRIBUTORS MAY DECIDE NOT TO EXHIBIT THEIR FILMS IN PERU IF REPATRIATION PROBLEM IS NOT RESOLVED IN FORESEEABLE FUTURE.

3. ACCORDING TO MACHTUS, THE REMITTANCE PROBLEM STEMS PRINCIPALLY FROM UNFRIENDLY ATTITUDE OF SOME PERSONNEL IN THE GOVERNMENT'S CENTRAL INFORMATION OFFICE (OCI) AND IS NOT PRIMARILY DUE TO PERU'S LACK OF FOREIGN EXCHANGE.

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USIS' KNOWLEDGE OF PERSONNEL IN OCI TENDS TO CONFIRM

MACHTUS' ASSERTION.

4. MACHTUS' OFFICE HAS REPORTED THAT MACHTUS RAISED MATTER WITH JOSE LUIS BROUSSET, PRESIDENT OF BANCO POPULAR AND DIRECTOR OF NEWSPAPER "LA CRONICA," HE HAD FELT BROUSSET MIGHT BE SYMPATHETIC TO DISTRIBUTORS' PLIGHT AND MIGHT HAVE NECESSARY INFLUENCE TO BREAK IMPASSE WITHIN GOP ON ISSUE. BROUSSET AGREED TO LIK INTO THE PROBLEM ON MACHTUS' BEHALF.

5. WARNER BROS. OFFICE ALSO INFORMS US THAT GOP CUSTOMS FOR SEVERAL MONTHS HAS APPARENTLY BEEN HOLDING UP CLEARANCE ON PACKAGE OF U.S. FILMS (INCLUDING "ALL THE PRESIDENT'S MEN") AT OCI'S INSTRUCTION. RECENT DISCUSSIONS BETWEEN OCI AND DISTRIBUTORS HAVE BEEN UNPRODUCTIVE.

6. ACTING CHIEF ECONOMIC SECTION BROUGHT ISSUE TO ATTENTION OF VICE MINISTER OF ECONOMY AND FINANCE ROBERTO KEIL ON AUGUST 6. KEIL EXPRESSED BELIEF THAT REMITTANCE PROBLEM WAS DUE ENTIRELY TO FOREIGN EXCHANGE SHORTAGE. HE POINTED TO A TABLE IN HIS OFFICE STACKED WITH REQUESTS FOR REMITTANCES AND SAID THAT FILM DISTRIBUTORS' REQUEST WAS PROBABLY AMONG THEM. KEIL DID HOWEVER EXPRESS CONCERN OVER REPORTED UNWARRANTED DELAY IN CUSTOMS LIBERATION FOR U.S. FILMS. HE REQUESTED A LIST OF FILMS EITHER AWAITING LIBERATION OR FOR WHICH PROFIT REMITTANCES WERE PENDING AND SAID HE WOULD LOOK INTO PROBLEM. WARNER BROS. OFFICE HAS TOLD EMBASSY IT WOULD PROVIDE THIS INFORMATION EARLY WEEK OF AUGUST 9. WE WILL PASS IT TO KEIL UPON RECEIPT. WE ALSO PLAN TO MAKE INFORMAL APPROACH ALONG SAME LINES TO HEAD OF OCI.
SMITH

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